



1943-2013

Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

**A Chronology of Main Developments in the
Central Bank of Ireland**

1943 - 2013



The Central Bank of Ireland (the Bank) was established on 1 February 1943 under the Central Bank Act, 1942. The Bank's Annual Report, 1993, sets out a chronology of the main developments in the Bank over its first 50 years. This booklet, which is being issued to mark the Bank's 70th anniversary, reproduces the chronology from the 1993 Annual Report and provides an update of the key events for the Bank up to February 2013. All the Bank's activities are not reflected, these can be found in the Annual Report for each year.

This chronology is available also on the Bank's website and will be updated on an annual basis in future.

1943**1 February**

Currency Commission dissolved. The Central Bank of Ireland is established with particular powers and functions, the most important of which is “safeguarding the integrity of the currency” and, echoing a phrase from Article 45 of the State’s Constitution, ensuring that “in what pertains to the control of credit the constant and predominant aim shall be the welfare of the people as a whole.”

[Central Bank Act, 1942, (No. 22 of 1942), Section 6(1)].

However, certain functions regarded in other countries as characteristic of central banks were not assigned to the Central Bank:

- It did not acquire custody of the cash reserves of the commercial bank.
- The Bank of Ireland retained its position as banker to the government.
- The new institution had no statutory power to restrict credit, though it could promote its expansion (the conditions for influencing credit by open-market operation did not exist).
- Ireland’s external monetary reserves continued to be held largely in the form of the external assets of the Associated (i.e., clearing) Banks – the former shareholding banks in the Currency Commission.

President of Ireland, Douglas Hyde, on the advice of the Government, appoints Dr Joseph Brennan as Governor for a statutory 7-year term. He presides over an eight person Board of Directors:

- Banking Directors [Associated Banks’ nominees (3)]
- Persons in the permanent service of the State (2).
- others with appropriate expertise (3) – appointed under the 1942 Act by Minister for Finance, following transitional arrangements, for 5-year terms of office.

Richard T McGuinness, former Secretary to the Currency Commission, becomes Secretary to the Board. The Central Bank is established in the former Currency Commission's offices in Foster Place.

23 November

Board of the Central Bank fixes the minimum rate for rediscounting different classes of bills at 2.5 per cent (The 1942 Act empowers the Central Bank to fix and publish from time to time the minimum rate or rates at which it would rediscount Exchequer Bills, other public sector bills and bills of exchange.). The rate remained unchanged until 25 March 1952 (see Appendix). No rediscounting took place until 1955.

1946

July

Central Bank draws attention in its Annual Report 1945/46 to the need for restraint in prices, wages and expenditure.

1947

8 October

The paper, *Some Aspects of Cheap Money*, is presented by the Governor to the centenary session of the Statistical and Social Inquiry Society of Ireland.

1949

December

Marshall Aid - American Loan and Grant Counterpart Accounts opened at the Central Bank for the Minister for Finance.

1950

October

Central Bank Annual Report 1949/50 refers to the effect on net external assets of a persistent annual current balance-of-payments deficit.

December

Central Bank becomes a shareholding member of the Bank for International Settlements.

1951

- 24 October** Central Bank expresses strong views in its Annual Report 1950/51 on the domestic factors influencing the continued deterioration in the current balance of payments.

1953

- 31 March** Resignation of Governor Brennan announced, following disagreement with the Government over opinions on economic and financial policy published in the Central Bank's recent Annual Reports.

- 1 April** Dr James J McElliott, former secretary of the Department of Finance, is appointed Governor.

- December** Board of the Central Bank approves a proposal (of the Department of Finance) that up to US\$1 million a year of the proceeds of the sale of dollar securities in Irish ownership should be purchased for the Central Bank's General Fund.

- 31 December** Consolidated Bank Notes – issue terminated.

1954

- April** Board of the Central Bank agrees to active participation in the market for government securities. The Governor is given discretion to buy and sell government securities (which complied with provisions of Section 7 of the Central Bank Act, 1942).

1955

- 13 April** First rediscounting of commercial Bills of exchange (for Tea Importers Ltd., a State-sponsored company).

[Rediscounting of commercial bills ceased in November 1959.]

31 December Secretary to the Central Bank's Board of Directors, Richard T McGuinness, retires.

1956

1 January William J Meagher appointed Secretary to the Central Bank's Board of Directors.

2 January First rediscounting of Exchequer Bills, for a bank.

January Central Bank's Quarterly Statistical Bulletin (QSB) draws attention to the importance for credit policy of the ratio of net external assets to banks' liabilities within the State. [Subsequently (January 1959 QSB) the 1955 and 1956 levels of this 'Central Bank Ratio' were deemed to be minimum levels of bank liquidity for the Associated Banks.]

22 August Legal Tender Note Fund – US currency and securities admitted to the Fund. (In August 1957, Canadian dollars purchased for the General Fund.)

1957

June Discussion of the powers, functions and future role of the Central Bank in its Annual Report 1956/57.

July Central Bank is appointed the depository for holding of Irish currency and other assets of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (World Bank) under the Bretton Woods Agreement Acts, 1957. [The Central Bank was given a similar role when the International Finance Corporation Act, 1958, and the International Development Association Act, 1960, were enacted. On 1 July 1969, the Bretton Woods Agreements (Amendment) Act, 1969, transfers to the Central Bank functions previously performed by the Minister for Finance relating to payments and receipts from the IMF. Assets represented by the gold tranche and creditor position in the IMF are vested in the Central Bank.]

- 30 September** From this date changes in the Central Bank's minimum rediscount rate timed usually to coincide with changes in Associated Bank interest rates (which reflected closely movements in United Kingdom rates).
- 1958**
- June** Capital Investment Advisory Committee, established by the Minister for Finance on 30 November 1956 issues its Third Report. The Central Bank's Economist, Josef Oslizlok, was joint Secretary to the Committee.
- 1 November** Regulations [(No. 1) 1958] made under the Central Bank Act, 1942 (Section 51) requires every licensed banker to settle all clearances, arising from the exchange of cheques and other instruments between members of the Dublin Bankers' Clearing Committee, by cheques drawn on the Central Bank and to make and maintain with the Central Bank such balances as might be necessary for this purpose. Interest to be paid on clearing balances.
- 1959**
- May** Legal Tender Note Fund – Government securities for Central Bank advances to the Minister for Finance under the Bretton Woods Agreements Acts admitted to the legal Tender Note Fund by Order of the Minister (S.1. No. 92 of 1959).
- 1960**
- October** Central Bank decides to relate the minimum rediscount rate to the highest rate accepted at the preceding public tender for Exchequer Bills and to fix and publish it monthly: implemented in November (see Appendix).
- 31 December** Governor McElligott retires.
- 1961**

- 1 January** Dr Maurice Moynihan, former secretary to the Government, appointed Governor.
- 29 August** By order of the Minister for Finance (S.I. No. 186 of 1961) assets in which the Legal Tender Note Fund may be held expanded to include a balance in the General Fund.
- 25 October** Review of functions and activities of the Central Bank, initiated by the Governor, submitted to the Board.
- 31 October** Secretary to the Central Bank's Board of Directors, William J Meagher, retires.
- 1 November** Christopher A Carroll appointed Secretary to the Central Bank's Board of Directors.
- 1962** Discussions with the Department of Finance about the Central Bank becoming the Government's banker.
- 10 July** Question raised with the Department of Finance (in the context of discussions about becoming banker to the Government) regarding the transfer to the Central Bank of the external holding of Departmental funds.
- 1 December** Central Bank proposes to the Department of Finance that the prohibition on payment by the Central Bank of interest on deposits [Central Bank Act, 1942, Section 7(1) (b)] be removed.
- December** Tax Reserve Certificates introduced – issue and management entrusted to the Central Bank by the Minister for Finance.
- 1963**
- 10 May** The paper, *Survey of Sources of Monetary Supply in Ireland*, is presented by the Central Bank's Economist, Josef Oslizlok, to the Statistical and Social Inquiry Society of Ireland.

1964**1965****January**

Redesign of Central Bank Quarterly Bulletin; monetary and financial analysis expanded.

3 May

Minister for Finance delegates to the Central Bank the normal day-to-day operations of exchange control.

13 May

Credit advice given to Associated Banks. The first occasion on which the Central Bank formally advised banks to restrict the increase in their aggregate credit. The issue of credit advice, including quantitative guidelines, by the Central Bank continued to form part of its expanding role in following years and was extended to non-Associated banks in 1969/70.

May/June and September

Management of two Government loans assigned to Central Bank.

October

Quarterly Bulletin - publication of first (quarterly) issue of the Supplement to the Statistical Appendix.

30 September

Central Bank takes up some £20 million of Government securities to help finance the residual Exchequer borrowing requirement.

December

Central Bank adopts a new official seal, based on a 1926 coinage design.

December

National Bank Ltd's Irish operations acquired by the Bank of Ireland (Hibernian Bank Ltd. in 1958). Final legal amalgamation of these three associated banks took place in Spring 1972.

1966**January**

Government draws on first tranche (US\$22.5 million) of

IMF quota through the Central Bank.

- 12 April** Commemorative Coin - silver coin of ten shillings denomination issued through the Central Bank on the occasion of the 50th anniversary of the Easter Rising, 1916.
- September** New bank holding company, Allied Irish Banks Ltd, established by three Associated Banks (The Munster & Leinster Bank Ltd, Provincial Bank of Ireland Ltd and The Royal Bank of Ireland Ltd). Final legal amalgamation of these three banks took place in Spring 1972.
- 1967**
- June** Monetary Statistics – expansion of statistics published by the Central Bank to cover non-Associated banks and hire-purchase finance companies.
- 7 November** Central Bank announces a proposal to erect a new office building (including vaults) in Dame Street, Dublin, “specifically designed to meet the present and foreseen requirements of the Bank”.
- 1968**
- 24 January** Reorganisation of the Central Bank’s operational and management structure.
- 1 February** Central Bank marks its 25th Anniversary.
- March** Diversification of the Central Bank’s external assets begins; sterling holdings reduced.
- 16 July** Governor’s speech - *The Role of a Central Bank*, to 21st International Banking Summer School, Trinity College, Dublin (Governor Moynihan, shortly after he retired from office on 16 May 1969, gave the John Busted memorial lecture, The Central Bank of Ireland, at University College, Cork.).

- 25 September** Basel Facility for Sterling guarantees the value, in terms of US dollars, of portion of Ireland's sterling external assets: the arrangements expired finally at end-March 1974 and the diversification of the official external reserves was resumed. Centralisation of external assets of banks at the Central Bank commences; a process, that along with the transfer to the Central Bank of remaining departmental funds (begun in 1964), was completed in 1969/70.
- 2 October** Report of the Committee on the Functions, Operation and Development of a Money Market in Ireland, established by the Central Bank on 7 June 1967, submitted to the Governor. The Report was published on 2 May 1969.
- Central Bank begins acquiring the banks' surpluses of major foreign currencies.
- Central Bank extends the range of short-term deposits accepted by it from banks.
- 1969**
- 28 February** Governor Moynihan retires.
- 1 March** Dr T Kenneth Whitaker, former Secretary of the Department of Finance, appointed Governor.
- 25 April** Central Bank assumes administrative responsibility for the issue of Exchequer Bills from the Minister for Finance. Bills, issued previously to banks, also issued to the public. Frequency of issue increased from quarterly to monthly.
- July** Central Bank takes steps to improve the marketability of short-dated Irish Government securities.
- August** External reserves - Central Bank starts to reduce its gold holdings.
- 13 October** Signed article section introduced in Central Bank's Quarterly Bulletin.

December Central Bank becomes the registrar of a national loan for the first time.

1970

Management Committee established at the Central Bank.

July – December Central Bank acquires site at Sandyford, Co. Dublin, for development as a currency centre for printing currency notes and minting coin.

Expansion of the Central Bank's function as registrar for Government stocks.

Central Bank commences supplying major foreign currencies to banks.

14 October Secretary to the Central Bank's Board of Directors, Christopher A Carroll, retires.

15 October Bernard J Breen appointed Secretary to the Central Bank's Board of Directors. (Mr Breen appointed Bank's General Manager on 24 January 1973).

10 November Central Bank's external reserves management function - *The management of official monetary reserves is a matter for the Central Bank, acting within its statutory powers.* (Minister for Finance in Dáil).

1971

15 February Decimal currency system introduced under Decimal Currency Acts, 1969 and 1970. Some decimal coins had already been issued (5 and 10 pence on 3 September 1969, 50 pence on 17 February 1970).

July Associated Banks' Dispute (May – October) 1970. Publication by the Central Bank of a *Survey of the Economic Effects of the Dispute*.

- 31 August** Turbulence on international foreign-exchange markets lead to supplementary exchange-control measures being introduced.
- September** Central Bank Act, 1971 (No. 24 of 1971) comes into operation. Its principal provisions confer responsibilities on the Central Bank for:
- licensing and supervision of banks;
 - ensuring access to clearing facilities and charges applied by clearing banks to non-clearing entities;
 - providing for the transfer of the Exchequer Account to the Central Bank (took place on 1 January 1972);
 - expanding the monetary policy powers of the Central Bank; in repealing Section 4 of *Currency Act, 1927*, providing changes in the exchange rate of the Irish pound can be made by Government Order, after consultation with the Central Bank, and

reducing the maximum number of Banking Directors from 3 to 2 (to be appointed by the Minister for Finance after consultation with the Governor, from members of Associated Banks' Boards).
- Autumn** Publication of licensing and supervision requirements and standards for banks in the Central Bank Quarterly Bulletin.
- December** At the initiative of the Central Bank, certain Deutsche Mark, Swiss franc and French franc indebtedness of the Electricity Supply Board, amounting to £22 million, discharged.
- 21 December** Exchange-control measures of 31 August discontinued following Smithsonian (Washington, D.C.) Agreement of 17-18 December, which resulted in realignments of major foreign currencies.

1972

April Associated Banks introduce a term-lending system, following agreement with the Central Bank.

September Initiation of formal study in the Central Bank of implications of Irish pound's one-for-one no-margins sterling link for the economy.

13 November Central Bank establishes a Central Exchange for the clearance of cheques, payable orders and other payment instruments.

Autumn Credit Policy - Central Bank introduces liquidity ratios (primary and secondary) for licensed banks.

1973

1 January Accession of Ireland to the European Economic Community (EEC) - the Governor of the Central Bank becomes a member of the Committee of Governors of EEC Central Banks and of the Board of Governors of the European Monetary Cooperation Fund.

6 February Credit Policy - liquidity ratios raised; introduction of a 50 per cent deposit requirement at the Central Bank for capital inflows through licensed banks; any rediscounting by the Central Bank to take place at higher than minimum rediscount rate; banks advised not to increase private-sector credit to non-productive sectors, i.e., financial, property companies and personal.

Spring Redesign of Central Bank Quarterly Bulletin.

July Central Bank's Annual Report 1972/ 73 draws attention to the implications for the economy of the rapid rise in public expenditure which has taken place in recent years.

New Premises (Dame Street) - building work interrupted following planning difficulties.

1974

- 26 February** Central Bank's role in managing the market in short-dated Government securities expanded to cover those falling into the three- to five-year maturity range.
- March** As an exceptional measure, the Central Bank provides £20 million through an uptake of Government securities to help finance residual Exchequer borrowing requirements.
- May** Central Bank's note printing works at Sandyford, Co. Dublin, becomes operational.
- 21 June** Credit Policy - credit restrictions on licensed banks reinforced by provisions for special deposits at non-commercial rates of interest (lending for housing exempted).
- July** Central Bank expresses concern in its Annual Report 1973/74 at the extent to which the rising volume of public expenditure has to be financed by foreign borrowing.
- Summer** Further studies in the Central Bank of alternative exchange-rate regimes to the link with sterling.
- Autumn** Re-orientation of economic model underlying monetary policy along the lines of the monetary approach to the balance of payments.
- December** As holder of the Exchequer Account, the Central Bank provides an overdraft facility for the Minister for Finance limited to £14.2 million.
- 1975**
- 18 March** Internal Audit function set up by the Central Bank. (Subsequently, on 5 June 1980, a Financial Control Committee was established.)
- Spring** Revised licensing and supervision requirements and standards for banks published in the Central Bank's Annual

Report 1974/75.

Spring Central Bank offer detailed fiscal advice to the Government and in its Annual Report stresses that “a change in the exchange rate is not a magic wand which will make domestic pressures and difficulties disappear.”

Spring Credit Policy - Limitations on bank lending to the personal and financial sectors are relaxed.

Spring New Premises (Dame Street) - Building work recommenced following resolution of planning problems.

Summer First publication (in the Central Bank’s Quarterly Bulletin) of formal national accounts forecasts. The Central Bank offers temporary finance for the Exchequer if the (Supplementary) Budget dispositions are adhered to and income restraint is made effective.

July – December Central Bank provides £50 million to the Government in connection with the special IMF oil facility.

1976

January Central Bank states, in the Winter issue of its Quarterly Bulletin, that Government borrowings from the banking system and from abroad are of such proportions as to render monetary policy impotent.

29 February Governor Whitaker retires.

1 March Charles H Murray, former Secretary of the Department of Finance, appointed Governor.

April Central Bank’s Mint at Sandyford, Co. Dublin, commences operation.

April Credit Policy - suspension of the special 50 per cent deposit requirement on capital inflows through banks.

- May** Central Bank states, in its Annual Report 1976/77, that monetary policy considerations call for the elimination of Exchequer current budget deficits.
- Autumn** Account of financial developments during and after the strike which closed the Associated Banks' branches between end-June and early September is published in the Central Bank's Quarterly Bulletin.
- 1 November** First denomination (£5) of new design legal tender notes issued by the Central Bank (£1 issued on 24 October 1977, and £10 on 14 August 1978, £20 on 4 February 1980 and £50 on 1 November 1982).
- Autumn** Framework for the Central Bank's concern that fiscal policy following the 1973 oil shock was too expansionary, and its adverse implications for external debt and monetary policy, is set out in the Central Bank's Quarterly Bulletin.
- 1977**
- 1 April** Governor Murray appointed Chairman of the Committee of Governors of the EEC Central Banks and of the Board of Governors of the European Monetary Cooperation Fund for the period to 31 March 1978.
- 23 June** Credit Policy - reintroduction of 50 per cent deposit requirement on net capital inflows through banks. Foreign Exchange Market Committee, chaired by the Central Bank and representing all market participants, to regulate and supervise foreign-exchange dealings is established.
- August** Central Bank paper on provision of funds by the Central Bank to the Exchequer setting out strict principles under which short-term assistance would be considered is sent to the Department of Finance.
- September** Measures taken by the Central Bank to reduce its direct role in the foreign-exchange market by encouraging interbank dealing.

- Autumn** Central Bank states, in its Autumn Quarterly Bulletin, that there is a compelling need in the economy to encourage the use of labour relative to capital.
- 1978**
- June** Central Bank's new headquarters in Dame Street, Dublin, completed. (Officially opened on 7 December 1979.)
- 7 July** European Council of EEC Heads of State and Government meeting in Bremen, West Germany, makes a decision, in principle, to establish a scheme for closer monetary cooperation in the EEC.
- 3 October** Credit Policy - stricter credit guidelines, including a specific, more restrictive guideline for the personal (excluding housing) component of private-sector credit, backed by supplementary non-interest bearing deposits, applied to licensed banks.
- 15 December** Exchange controls extended to transactions between Ireland and United Kingdom with effect from 18 December. Facility also provided to Authorised Dealers by the Central Bank for the purchase or sale of sterling forward against Irish pounds in respect of trade-related transactions.
- December** Industrial relations dispute results in the closure of the Central Bank (Dame Street) for a number of days.
- 1979**
- 13 March** European Monetary System (EMS) commences, with Ireland as a full member of its exchange-rate mechanism, thereby precipitating the end on 30 March of over 150 years of parity between the Irish pound (IR£) and the pound sterling. As a transitional arrangement, the Central Bank administers the exchange rate for the IR£ on the spot and forward markets (These arrangements were terminated on 13 June and 27 November 1980, respectively). The Central Bank sets overnight limits on banks' open and, subsequently, on their current against

forward positions vis-à-vis the IRE.

- 31 March** Credit Policy - strict credit guidelines continue to be applied, but with suspension of the 50 per cent deposit requirement on capital inflows.
- 11 June** Central Bank introduces a Short-Term Facility which permits secured borrowing by banks under a quota system overnight and up to seven days (see Appendix).
- Summer** Credit Policy - penalties on rediscounting, and on other forms of borrowing by the Associated Banks from the Central Bank, are increased.
- Autumn** Credit Policy - a number of banks required to place supplementary deposits at the Central Bank at non-commercial rates of interest.
- Autumn** Central Bank draws attention in its Quarterly Bulletin to the deteriorating balance-of-payments situation and to the broad principles which should guide the formulation of fiscal policy in a small open economy. The Central Bank expresses the view that reducing progressively Exchequer borrowing relative to Gross National Product need have only short-term effects on economic activity.
- October** Credit Policy - exemption of increase in banks' foreign currency lending to residents from credit guidelines and of their foreign-currency deposits from the base on which primary and secondary ratios are calculated.
- 8 November** Changes in primary and secondary liquidity ratios which licensed banks are required to observe.
- 21 December** Banking Supervision - provisions of EEC's First Banking Coordination Directive of 12 December 1977 come into force (S.1. No. 414 of 1979).

1980

- 14 March** Credit Policy - credit guidelines continue to be applied, including differential, i.e. tighter guidelines on the growth of licensed banks' lending for personal (excluding housing) purposes and lending to hire purchase finance companies. Increase in banks' foreign-currency lending to residents continue to be exempted from guidelines.
- 21 March** Tender system for the issue of Exchequer Bills instituted. Subsequently, frequency of issue doubled to six per quarter: the practice of rediscounting Exchequer Bills for banks is discontinued.
- 25 July** Central Bank Submission to the Commission on Taxation (published subsequently in Quarterly Bulletin, Winter 1980).
- 17 October** Credit Policy - increases in banks' foreign-currency lending to residents from mid-October. Bank return date brought back within credit guidelines.
- 8 December** Daily Interbank settlement facilities are provided by Central Bank so banks can facilitate end-of-day settlements in Central Bank funds.
- 1981**
- 13 February** Gold - market-related method of valuing the Central Bank's holding introduced.
- 28 February** Credit Policy (credit guidelines) - explicit sectoral guidelines discontinued.
- Central Bank undertakes intermittent discretionary intervention in the foreign-exchange swap market to supplement other mechanisms used to influence the liquidity of licensed banks.
- 8 May** Exchequer Bills - weekly tender instituted.
- General Management (GMC) and Departmental Management Committees (DMC) established by the Central

	Bank.
Autumn	Revised licensing and supervision requirements and standards for banks published in the Central Bank Quarterly Bulletin, incorporating provision of the EEC's first Banking Coordination Directive.
31 October	Governor Murray retires.
1 November	Tomás F Ó Cofaigh, former Secretary of the Department of Finance, appointed Governor.
1982	
17 April	Credit Policy (Specific guidelines) – Tighter guidelines reimposed on licensed banks' sectoral lending.
31 December	Implementation of new monthly statistical reporting system for licensed banks: the first major change in banks' statistical reporting to the Central Bank since the monthly return was inaugurated in 1932.
1983	
May	New mechanism introduced regarding sale and repurchase agreements in respect of government securities for supplying liquidity to the interbank market.
1984	
1 January	Governor Ó Cofaigh appointed Chairman of the Committee of Governors of EEC Central Banks and of the Board of Governors of the European Monetary Cooperation Fund for the year to 31 December 1984.
25 February	Monetary Policy - formal guidelines for licensed banks' lending to the private sector terminated. Former sectoral guideline retained for a further year, to be succeeded by an 'indicative' guideline. Instruments of liquidity management and interest-rate policy to be used increasingly to influence

monetary conditions in the economy and to maintain official external reserves at an adequate level.

1985

29 January Settlement of the strike of majority of Central Bank staff which began on 3 December 1984.

8 March Monetary Policy - ‘warranted’ growth rate of bank lending to the private sector and for personal purposes (excluding housing) and hire-purpose finance companies published by the Central Bank.

31 May Central Bank’s General Manager and Secretary to the Board of Directors, Bernard J Breen, retires.

31 May Central Bank announces new Associated Bank interest rate arrangements, which led to the effective decartelisation of their retail lending and deposit rates.

1 June Timothy O’Grady Walsh appointed General Manager of the Central Bank.

1 June Michael P Coffey appointed Secretary to the Central Bank’s Board of Directors.

June Central Bank’s General Manager, T O’Grady Walsh, elected Chairman of the EEC Commission’s Banking Advisory Committee under the First Banking Directive (he relinquished the chairmanship in June 1988).

4 October Central Bank announces details of the arrangements for the financing of the Insurance Corporation of Ireland plc (under Administration).

1986

29 January Interbank Money Market Committee, chaired by the Central Bank and representing market participants, is established.

- 4 February** Associated Bank Interest-Rate Arrangements – normal operation suspended because of speculation regarding an EMS realignment. The Central Bank requires banks to increase rates on short-term business loans and mobile deposits by 3 per cent. The arrangements were reinstated and rates restored to their previous levels on 10 April.
- 6 March** Monetary Policy - issue of indicative credit guidelines to licensed banks discontinued. Primary reliance placed on the use of instruments of liquidity management and interest-rate policy, with regard being given to trend in licensed banks' total Irish-pound lending to the private sector and the Exchequer. Changes in the Central Bank's official interest rates become the principal method of indicating to the financial markets the Central Bank's views on sustainable levels of interest rates.
- May** Advice offered to the Government in the Central Bank's Annual Report 1985/86 indicates that fiscal adjustment need not necessarily be detrimental to the long-term growth of output and employment.
- 30 October** Coinage - Central Bank issues a 20 pence coin.
Weekly Markets Committee, chaired by the Governor is formally established.
- 1987**
- January** Coinage - halfpenny demonetised (ceases to have legal tender status) under an Order issued by the Minister for Finance under Section 12 of the *Decimal Currency Act, 1969* on 23 May 1986.
- 30 April** Governor Ó Cofaigh retires.
- 1 May** Maurice F Doyle, former Secretary of the Department of Finance, appointed Governor.
- September** Central Bank agrees to make advance payments of surplus income to the Exchequer to assist in financing costs of

public service early retirement/redundancy schemes.

Autumn Revised licensing and supervision requirements and standards for banks published in the Central Bank's Quarterly Bulletin.

13 November Announcement of a major relaxation of exchange controls, to take effect from 1 January 1988.

1988

22 February Monetary Policy - the Central Bank expresses concern about the rate of increase in banks' lending to the personal sector (both for housing and other purposes) in 1987.

May Central Bank, in drawing attention in its Annual Report to the "extraordinary accumulation" of national debt over the previous ten years, defines the magnitude of the task that lies ahead for fiscal policy.

31 May Coinage - specially designed 50 pence coin issued by the Central Bank to commemorate the Dublin Millennium.

1989

1 January Further relaxation of exchange controls - all restrictions on the purchase of medium and long-term foreign securities by Irish residents removed.

1 February Start of guaranteed settlement system for wholesale transactions in gilts, operated through a Gilts Settlement Office established.

3 March Monetary Policy - Central Bank indicates concern at the rapid expansion of mortgage credit.

Spring Redesign of Central Bank Quarterly Bulletin.

May Monetary Statistics - frequency of publication increased

with first issue by the Central Bank of Monthly Statistics.

29 May

Irish Futures and Options Exchange (IFOX) begins trading.

1 June

Central Bank given responsibility for authorising and supervising Undertakings for Collective Investment in Transferable Securities (UCITS) operating in Ireland [European Communities (UCITS) Regulations, 1989 (S.I. No. 78 of 1989)].

18 July

Central Bank Act, 1989 (No. 16 of 1989) comes into operation and the *Currency Act, 1927* is repealed. Its principal provisions include:

- Strengthening licensing and supervision powers of the Central Bank in respect of banking business.
- Provide for the establishment and maintenance of a scheme for the protection of small deposits at licence holders.
- Supervision of certain financial institutions in Dublin's International Financial Services Centre (IFSC).
- Give power to the Minister for Finance, after consultation with the Central Bank, to change the exchange rate or exchange-rate arrangements of the Irish pound.
- Amend the structure of the Central Bank's Board of Directors (number expanded to 9 and the requirement that 2 be drawn from Associated Bank's Directors removed). [Deposit protection scheme came into operation on 1 November 1989.]

1 September

Building Societies Act, 1989 (No. 17 of 1989) - this Act gives the Central Bank responsibility for authorising and supervising building societies, including the establishment and maintenance by the Central Bank of a deposit protection scheme (which came into effect on 1 May 1990).

1990

- 1 February** Central Bank assumes responsibility for the supervision of trustee savings banks under Trustee Savings Banks Act, 1989 (No. 21 of 1989).
- Spring** Statistical Reporting - extension of the Central Bank's monthly reporting system for licensed banks to other credit institutions (building societies, trustee savings banks, Agricultural and Industrial Credit Corporations) and to accommodate the introduction of new ('Basel') capital adequacy standards.
- 28 February** Monetary Policy - Central Bank draws attention to slow growth of banks' deposit resources, with its implications for interest rates and credit.
- 20 March** Decimal Currency Act, 1990 - Provides for issue of £1 and European Currency Unit (ECU) coins. (ECU coins issued through Central Bank in second quarter, £1 coin on 20 June).
- 1 April** Exchange Controls – further relaxations.
- June** Central Bank draws attention in its Annual Report to major structural problems facing the economy and the continuing high level of Government debt.
- 10 August** Central Bank's General Manager, Timothy O'Grady Walsh, retires.
- 11 August** Michael P Coffey appointed General Manager of the Central Bank.
- 11 August** Dr Pdraig McGowan appointed Secretary to the Central Bank's Board of Directors.
- 3 December** Central Bank ceases dealings in short-dated Government securities with the assumption by the National Treasury Management Agency (NTMA) of the responsibility for primary market dealings in all Government stocks.

- 26 December** Unit Trusts Act, 1990 confers responsibility on the Central Bank for the authorisation and prudential supervision of unit trusts.
- 1991**
- 1 January** Exchange Controls – further relaxations.
- 1 February** Central Bank given responsibility for the authorisation and prudential supervision of investment companies with variable capital under the *Companies Act, 1990*, part XIII.
- March** Monetary Policy – differentials of domestic interest rates over other (narrow-band) EMS exchange-rate mechanism members stressed. Standard primary liquidity ratio for licensed banks reduced from 10 per cent to 8 per cent with effect from 20 March.
- 24 May** Government announces proposal to transfer authorisation and supervisory responsibility for the Stock Exchange, stockbroker, etc., to the Central Bank.
- 1 June** Further relaxation of exchange controls – domestic financial institutions permitted to operate foreign currency deposit accounts for residents.
- June** Central Bank urges, in its Annual Report 1990/91, the need to maintain the momentum of fiscal adjustment of recent years for Economic and Monetary Union (EMU) convergence purposes.
- Payments and Clearing Systems – committee established, chaired by the Central Bank, to examine Daily Interbank Settlement system with a view to automating it.
- 8 November** Industrial Policy - Central Bank makes a Submission to the Industrial Policy Review Group; published by the Group in January 1992.
- 1992**

- 1 January** Exchange Controls - removal of restrictions on non-residents holding Irish pound (IR£) accounts and obtaining (medium-term) IR£ loans. Limitations on foreign-currency borrowing by residents and on financing of investments or properties outside the State removed also.
- 3 February** Foreign Exchange Market - overnight limit on banks' current account against forward positions vis-à-vis Irish pound (IR£) removed. From 2 March, overnight limits on banks' open positions vis-à-vis IR£ discontinued.
- February** Liquidity Ratios - Central Bank announces a reduction from 8 per cent to 6 per cent in the licensed banks' standard primary liquidity ratio.
- Secondary liquidity ratio - banks relieved of requirement to take up additional Government securities as their resources grow beyond their end-December 1991 levels.
- June** Central Bank, in its Annual Report 1991/92, advises that the principal response to unemployment must involve supply-side measures and draws attention to specific areas for action recommended in the report of the Industrial Policy Review Group.
- June** Monetary Statistics - expanded measures of money and credit published.
- Mid-September** Turbulence in international foreign-exchange markets leads to pressures on the Irish pound in the EMS exchange rate mechanism and consequently on domestic interest rates.
- 9 November** The Central Bank begins the issue of the new £20 note, the first in the new "C" series designed by Robert Ballagh. The note bears the image of Daniel O'Connell.
- 23 November** Amid continued turbulence on foreign exchange markets the Central Bank suspends the Short-Term Facility. By end-November, the Central Bank's overnight support rate has risen to 100 per cent, and this level is reached again (twice) in January 1993.

- December** Minister for Finance announces that the Government has decided to assign responsibility for the prudential supervision of investment intermediaries (previously unregulated) to the Central Bank.
- 1993**
- 1 January** Remaining exchange controls are removed on schedule.
- January** Implementation of the Second Council Directive (89/646/EEC) on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions.
- 1 February** Continued turbulence in the foreign-exchange markets contributes to a realignment of the Irish pound within the narrow ERM (Exchange Rate Mechanism) band, with its central rate against other ERM currencies being reduced by 10 per cent.
- 5 February** Following the resolution of the currency crisis, the Central Bank's Short-Term Facility is restored.
- March** Formal adoption of EC Licensing and Supervision of Credit Institutions Regulations, commonly known as the Capital Adequacy Directive.
- May** Special edition of the Annual Report is published to mark the 50th anniversary of the Central Bank.
European Council formally adopts Council Directive (93/22/EEC) on investment services in the securities field.
- 1 August** ERM fluctuation bands are widened to +/-15 per cent with bilateral central rates remaining unchanged.
- 20 September** Central Bank issues the second in the "C" series of banknotes (£10). The note is designed by Robert Ballagh and bears the image of James Joyce.

- September** NTMA commences trading gilt futures contracts on the Irish Futures & Options Exchange (IFOX) in addition to 2 and 3 year swap contracts.
- 15 November** Coinage - New and smaller 10p is put into circulation.
- November** Primary liquidity ratio applying to licensed banks is reduced by 1 per cent to 4 per cent in late November.
- 1994**
- 1 January** At the start of the second stage of EMU, the Committee of Governors is replaced by the European Monetary Institute (EMI); Governor Doyle becomes a member of the Council of the EMI. The EMI is set up in the Eurotower in Frankfurt and some Central Bank staff second to work placements.
- Secondary liquidity ratio is terminated in accordance with Article 104 of the Maastricht Treaty, which prohibits privileged access to funds by Governments from financial institutions.
- 20 January** Primary liquidity ratio applying to licensed banks is reduced by 1 per cent to 3 per cent.
- January** A Steering Committee and Project Group are established by the Central Bank and the members of the Daily Interbank Settlement system to commence a project to introduce real-time gross settlement for large-value interbank payments.
- February** Having regard to the widening of the fluctuation bands within the EMS in August 1993, the Central Bank's *Statement on Monetary Policy 1994* reaffirms that the price stability objective of monetary policy would continue to be served by preserving a stable currency relationship with other low-inflation countries and that the exchange rate of the Irish pound would be managed within the ERM in a manner fully consistent with that objective.
- 21 February** Primary liquidity ratio for credit institutions other than

- licensed banks is increased from 2 to 3 per cent.
- February** Implementation of EU Directive (92/121/EEC) on monitoring and control of Large Exposures of credit institutions.
- March** Financial Action Task Force (FATF) of the OECD conducts an inspection of Ireland's anti-money laundering procedures. The inspection concludes that Ireland's anti-money laundering legislation would provide a generally comprehensive legal framework for combating money laundering.
- 18 April** New £5 note, third in the "C" series, is issued. The note is designed by Robert Ballagh and bears the image of Sr Catherine McAuley.
- 30 April** Governor Doyle retires.
- 1 May** Maurice O'Connell, Second Secretary General in the Department of Finance, appointed as Governor.
- 1 May** In order to enhance the efficiency of the foreign exchange market, and to promote a more orderly trading environment, an operational understanding on market making between the Central Bank and the main foreign exchange market participants is introduced.
- 17 June** Finex Europe, which is a branch of the Financial Instrument Exchange and a division of the New York Cotton Exchange (NYCE), commences trading in the IFSC.
- 30 June** Enactment of Criminal Justice Act, 1994.
- September** Publication of the Stock Exchange Bill 1993 (providing for supervision by the Central Bank of the Irish Stock Exchange (ISE) and its member firms.
- October** Central Bank introduces an information note for the media on the principal statistical developments as part of its

publication *Monthly Statistics*.

Late 1994

Central Bank-sponsored Central Exchange is subsumed into the Dublin Bankers' Clearing. This means that all cheques now clear through one system.

1995

27 February

The *Statement on Monetary Policy 1995* emphasises that the maintenance of price stability is the most effective way in which the Central Bank can contribute to balanced economic growth and sustainable employment.

24 April

Central Bank's General Manager Michael Coffey retires.

25 April

Dr Padraig McGowan appointed General Manager.

25 April

William A. Barron appointed Secretary to the Central Bank's Board.

2 May

Record-keeping and reporting obligations under Sections 32 and 57 of the Criminal Justice Act 1994 come into operation. Money Laundering Guidance Notes issued to all credit and financial institutions.

July

Netting of Financial Contracts Act, 1995, is enacted. This Act clarifies the legal validity of the netting of obligations under derivatives contracts in Irish law in preparation for the implementation of the EU Directive (96/10/EC) on recognition of contractual netting implementation for investment firms in June 1996. The Directive allows the Central Bank to recognise, for capital adequacy purposes, the reduced credit risk for banks that can set off their claims on counterparties on certain derivative contracts against their liabilities to those same counterparties.

1 August

Commencement of Stock Exchange Act, 1995 (SEA) which provides for the approval and supervision of stock exchanges and for the authorisation and supervision of their member firms. The Investment Intermediaries Act, 1995 (IIA) is also enacted transposing the Council Directive (93/22/EEC) on investment services in the

- securities field into Irish Law, appointing the Central Bank as the competent authority for investment firms covered by the Directive and its related Directive - Council Directive (93/6/EEC) on the capital adequacy of investment firms and credit institutions.
- 6 November** New £50 note from “C” series is issued. The note is designed by Robert Ballagh and bears an image of Douglas Hyde.
- 8 December** ISE formally separates from the London Stock Exchange.
- 15/16 December** European Council in Madrid agrees and adopts a scenario for the changeover to the single European currency, to be called the euro.
- 21 December** Central Bank formally approves the ISE – Central Bank is appointed as competent supervisory authority for ISE member firms.
- 29 December** Central Bank issues Council Directive (93/6/EEC) on the capital adequacy of investment firms and credit institutions Implementation Notices to credit institutions and investment firms.
- Publication of the revised Licensing and Supervision Requirements and Standards for credit institutions.
- 1996**
- 1 January** Implementation of Council Directive (93/6/EEC) on the capital adequacy of investment firms and credit institutions.
- EU Investment Services Directive comes into force.
- 27 February** *Statement of Monetary Policy 1996* emphasises, among other things, that price stability is predicated on maintaining a firm exchange rate *vis-à-vis* other low inflation countries, supported by changes in interest rates as required.

- March** Central Bank signs declaration endorsing a memorandum of understanding entered into by a number of international futures exchanges.
- April** Irish Real-time Interbank Settlement Company Limited (IRISCo) is incorporated to enable its members to purchase and establish a real-time gross settlement system for large-value interbank payments.
- May** Central Bank introduces a new category of collective investment scheme, which will market solely to qualifying investors. This new category is suitable for investment by high net worth individuals and institutional investors.
- Responsibility for regulating bank charges transfers to the Director of Consumer Affairs following the coming into force of the Consumer Credit Act, 1995.
- 27 June** Council Directive (96/10/EC) on recognition of contractual netting implementation for investment firms is implemented by the Central Bank.
- June** Central Bank issues General Supervisory Requirements for investment firms on codes of conduct.
- July** A Report entitled *Statistical Requirements for Stage Three of Monetary Union – Implementation Package* is published by the EMI.
- 9 September** Minister for Finance signs SI No. 267 of 1996 (Supervision of Credit institutions, Stock Exchange Member firms and Investment Business Firms Regulations, 1996).
- 16 September** Last in the “C” series of banknotes (£100) designed by Robert Ballagh is issued. The note bears the image of Charles Stewart Parnell.
- Central Bank issues General Supervisory Requirements for investment firms on client money.
- October** Central Bank, along with the CSO and the Department of Finance, commences detailed preparations to enable

- Ireland to be among the first group of countries to subscribe to the IMF's Special Data Dissemination Standard (SDDS).
- 23 October** Central Bank revokes rules of IFOX, at the request of the company.
- November** Central Bank issues General Supervisory Requirements for investment firms on advertising.
- 13/14 December** European Council in Dublin agrees on new exchange rate mechanism (ERM II) and on Stability and Growth Pact.
- 1997**
- 25 January** *Statement on Monetary Policy 1997* emphasises that monetary policy would be conducted in such a manner as to ensure that the price stability criterion for joining EMU would be satisfied and that the scene would be set for successful membership of the monetary union on an ongoing basis.
- February** EMI publishes *The Single Monetary Policy in Stage Three: Elements of the Monetary Policy Strategy of the ESCB I*.
- 3 March** Irish Real-Time Gross Settlement system (RTGS) commences live operations and replaces the Daily Interbank Settlement system. The system facilitates settlement of individual payments between participating credit institutions across their settlement accounts at the Central Bank in real-time throughout the working day.
- 9 April** The Central Bank Act, 1997, comes into force and empowers the Central Bank to regulate payment systems. The Act provides for the Central Bank to authorise all payment systems in the State and to approve their rules.
- April** Central Bank becomes responsible for the authorisation and supervision of bureaux de change in the context of ensuring the effective implementation of the money laundering provision of the Criminal Justice Act, 1994.

- June** Irish Payment Services Organisation (IPSO) is established to act as the umbrella organisation for the payments industry in Ireland.
- 10 September** Introduction of procedures relating to the operation of the Determinations Committee (for the purpose of Section 74 of the IIA and Section 65 of the SEA).
- September** EMI issues report entitled *The Single Monetary Policy in Stage Three: General Documentation on ESCB Monetary Policy Instruments and Procedures*.
- 20 November** In order to prepare the market for the advent of EMU and the operational framework that will apply for implementing a single monetary policy, the Central Bank introduces a weekly tendering system for Sale & Repurchase agreements (repos) as its main management instrument and an averaging provision in relation to the reserve requirement system for credit institutions.
- December** Central Bank approves the rules of a second exchange located at the Dublin Exchange Facility, the New York Futures Exchange (NYFE).
- Founding of Forum of European Securities Commissions (FESCO).
- 1998**
- 6 January** *Statement on Monetary Policy 1998* notes that, with the approach of EMU, monetary policy is being formulated in unique circumstances and that the room to make independent use of traditional monetary policy instruments will be reduced as the year progresses.
- 16 March** Central rate of the Irish pound in the ERM band is revalued upwards by 3 per cent.
- 18 March** Central Bank Act, 1998 enacted.

- 28 April** Revision of the Central Bank's criteria on bank ownership in order to deal with applicants where the ultimate parent had a dominant commercial interest.
- 2 May** EU Council confirms that eleven EU Member States, including Ireland, fulfil the necessary conditions for the adoption of a single currency on 1 January 1999. It also agrees that the prevailing ERM bilateral central exchange rates will be used for determining the irrevocable conversion rates *vis-à-vis* the euro.
- 1 June** European Central Bank (ECB) and the European System of Central Banks (ESCB) are established. Governor O'Connell becomes a member of the Governing Council.
- June** EU Council issues Guidance Note on the information technology implications of Year 2000 for Financial Institutions. The Central Bank surveys all regulated entities to assess their readiness for Year 2000.
- 7 July** Governing Council of the ECB adopts a Recommendation for a Council Regulation (EC) concerning the application of minimum reserves by the ESCB in Stage Three of EMU.
- July** EU Commission publishes amendments to Capital Adequacy, Solvency Ratio and First Banking Directives.
- 1 August** Investor Compensation Act 1998 comes into force (implementing the EU Investor Compensation Directive) providing for the establishment of the Investor Compensation Company Limited (ICCL).
- 27 August** Central Bank commences publication of warning notices in relation to unauthorised investment firms. The first notice relates to a company called Investment Programme Management Inc.
- 1 September** Governing Council of the ECB endorses the Report entitled *The Single Monetary Policy in Stage Three: General Documentation on ESCB Monetary Policy Instruments and Procedures*.

- September** International Organization of Securities Commissions (IOSCO) publishes *Principles of Securities Regulation*.
- 13 October** Governing Council of the ECB announces the main features of the stability-oriented monetary policy strategy that the Eurosystem will pursue in Stage Three of EMU.
- 23 November** Council Regulations (EC) on the collection of statistical information by the European Central Bank. Council Regulation (EC/2533/98) on the collection of statistical information by the ECB, Council Regulation (EC/2531/98) on the application of minimum reserves by the ECB and Council Regulation (EC/2532/98) on the powers of the ECB to impose sanctions are issued.
- 1 December** Regulation ECB/1998/16 of the ECB concerning the consolidated balance sheet of the monetary financial institutions sector and Regulation ECB/1998/15 on the application of minimum reserves are issued. Also, ECB Guideline and ECB Recommendation on balance of payments and international investment position statistics are issued (ECB/1998/17). The Governing Council of the ECB decides that the first reference value for monetary growth will be 4.5 per cent with this referring to the broad monetary aggregate M3 for the euro area.
- 22 December** Governing Council of the ECB agrees the first main refinancing operation of the Eurosystem will be a fixed rate tender offered at an interest rate of 3 per cent. It also decides that the interest rate for the marginal lending facility will be at a level of 4.5 per cent and the interest rate for the deposit facility at a level of 2 per cent for the start of Stage Three, i.e., from 1 January 1999.
- December** Restricted Activity Investment Product Intermediaries (RAIPs) now require authorisation from the Central Bank.
- 31 December** 98/26/EC on Settlement Finality in Payment and Securities Settlement Systems – the ‘Settlement Finality Directive’ – is transposed into Irish law on 31 December (with effect from 4 January 1999) by the European Communities (Finality of Settlement in Payment and Securities Settlement Systems)

Regulations, 1998.

Allegation of malpractice in the banking sector, particularly relating to fees, charges and taxation compliance, generate extensive public debate and lead to a number of investigations and inquiries by the Central Bank.

1999

1 January

Stage Three of EMU commences with eleven countries, including Ireland, now sharing a common currency, the euro. Euro-denominated statistical reporting commences for money and banking statistics that take account of the new currency and a number of conceptual changes. New balance of payments reporting requirements are also introduced.

European Central Bank (ECB) replaces the EMI and Wim Duisenberg is the first President of the ECB.

4 January

RTGS system is linked to the domestic RTGS systems of the 14 other EU Member States and to the ECB Payment Mechanism to form the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system, which facilitates cross-border payments in euro between the 16 systems.

Credit institutions, which have entered into the necessary legal arrangements with the Central Bank, may avail of the Eurosystem's Standing Facilities and Monetary Policy Operations.

The Correspondent Central Banking Model (CCBM) is introduced to enable counterparties to deliver to national central banks eligible assets located in another Member State which are required as collateral for credit operations. Under the CCBM, central banks act as custodians for each other in respect of securities accepted in their local depository or settlement system.

January

Central Bank is a signatory to the Forum of European Securities Commissions (FESCO) Memorandum of Understanding.

As provided for in the Maastricht Treaty, the Central Bank transfers £425 million to the foreign reserve assets of the

- ECB – which is Ireland’s share of the ECB’s pooled reserve assets – in return for a claim on the ECB.
- 31 March** Central Bank launches its lo-call investor line, providing an enquiry facility for the public on the authorisation status of firms.
- July** FATF issues its report on assessment of Ireland’s anti money-laundering regime.
- Dublin Bankers’ Clearing is split into three separate entities, as follows: the *Irish Retail Electronic Clearing Company* - to maintain and operate a clearing and settlement system for domestic electronic payments, the *Irish Paper Credit Clearing Company* for domestic paper credits and the *Irish Paper Debit Clearing Company* for domestic paper debits.
- 14 August** EU Directive 97/5/EC on Cross-Border Credit Transfers is transposed into Irish law by the European Communities (Cross-Border Credit Transfers) Regulations, 1999.
- September** Euro coin production commences in the Currency Centre in Sandymount.
- 23 September** ECB Regulation is issued on the power of the ECB to impose sanctions (ECB/1999/14).
- 29 November** Coinage - A millennium commemorative coin, with a design based on the Broighter boat in the National Museum of Ireland, is launched. Of this design 38,000 silver proof coins were sold out by the end of 1999. Subsequently, five million circulating coins are issued during the year 2000.
- December** Governing Council of the ECB endorses the manual entitled *European Union Balance of Payments/International Investment Position Statistical Methods*.
- Publication of the Comptroller and Auditor General’s (C&AG) report on *Evaluation of Effectiveness: Central Bank Financial Regulation*.

- 31 December** Maximum payout under the Deposit Protection Guarantee Scheme and the Investor Compensation Scheme increases to €20,000.
- 2000**
- 18 February** Revised requirements for deposit agents and other RAIPs are issued during the year.
- April** Euro banknote production commences.
- 11 May** An ECB Guideline and an ECB Recommendation are issued on the statistical reporting requirements in the field of balance of payments statistics, the international reserves template and international investment position statistics, which replace the former Guideline and Recommendation of 1 December 1998.
- May** In order to improve the Central Bank's ability to forecast the liquidity requirements of the domestic market, a new arrangement for managing the Exchequer account is implemented whereby the balance is stabilised by the NTMA around a target level.
- June** In view of the severe overbidding that had developed in the context of the fixed-rate tender procedure, the Governing Council of the ECB decides that the main refinancing operations of the Eurosystem will be conducted as variable rate tenders, with a minimum bid rate. In conjunction with this, the ECB decides to publish liquidity forecasts at the time of announcements of weekly tenders in order to assist credit institutions in preparing their bids.
- August** ECB publishes report on the statistical requirements of the ECB in the field of general economic statistics.
- 22 September** For the first time since the introduction of the euro, the ECB and other Eurosystem central banks take part in concerted foreign exchange intervention to support the euro.

- September** Irish coin production ends.
- 13 November** ECB Guideline on statistical reporting requirements in the field of money and banking statistics is issued (ECB/2000/13).
- November** Central Bank publishes Guidance Note on the valuation of assets of collective investment schemes.
- ECB publishes a document entitled *The Single Monetary Policy in Stage Three: General Documentation on Euro System Monetary Policy Instruments and Procedures*.
- Central Bank issues its revised *Handbook for Investment and Stockbroking Firms*.
- Central Bank participates with the ECB and other central banks of the Eurosystem in foreign exchange intervention to support the euro.
- 1 December** Following a strategic review by a study group, which was established in September 1998, the Central Bank of Ireland Securities Settlements Office - formerly known as the Gilts Settlement Office, established in 1989 - ceases operations.
- 4 December** Settlement function in respect of Irish Government bonds is transferred to Euroclear. Following transfer of the settlement function, the Central Bank continues to maintain the register of bonds issued on the domestic market by the NTMA, the Housing Finance Agency, and the European Investment Bank and Ulysses Securitisation plc.
- 19 December** Central Bank's General Manager, Dr Pádraig McGowan retires.
- 20 December** William A. Barron appointed General Manager of the Central Bank.
- 20 December** Brian Halpin appointed Secretary of the Central Bank's Board of Directors.

- 20 December** Insurance Act, 2000 signed into law.
- December** An external assessment by the IMF's Financial Sector Assessment Programme (FSAP) of the Central Bank's role as supervisor (in 2000) concluded that the overall framework of the Central Bank's prudential regulation and supervision was well developed and showed a high degree of observance with international standards and codes.
- 2001**
- 1 January** Greece becomes the twelfth EU Member State to adopt the single currency.
- During 2001, the Central Bank is invited to become a member of the IOSCO Standing Committee Number 5, which deals with the regulation, management and distribution of collective investment schemes.
- 1 April** Insurance Act, 2000 confers responsibility on the Central Bank for the authorisation and supervision of Insurance Intermediaries.
- April** Irish banknote production ends.
- 1 May** Governor O'Connell reappointed for second term.
- May** Central Bank issues two draft handbooks; Authorised Advisors and Restricted Intermediaries (effective November 2001).
- 21 June** Central Bank hosts a Governing Council meeting of the ECB in Dublin.
- June** Committee of European Securities Regulators (CESR) is established by the European Commission.
- July** Codes of Conduct for the banking industry are prescribed for all credit institutions operating in the State, following consultation with the Minister for Finance.

- 10 September** Central Bank commences administration of the daily interbank settlements in respect of the interbank clearing process.
- September** In order to facilitate the functioning of the financial markets in the aftermath of the terrorist attacks in the United States on 11 September 2001, the Governing Council of the ECB issues a press release stating that the Eurosystem stands ready to support normal functioning of markets and will provide additional liquidity, if needed. In addition, the ECB and the US Federal Open Market Committee agree on a swap arrangement whereby liquidity in dollars is made available to euro area market participants. Other measures are taken on issues of common interest in relation to securities settlements systems and information-sharing concerning cross-border transactions.
- September - December** In preparation for the euro changeover, 970 million euro coins are distributed to financial institutions, their agents and customers.
- October - December** Similarly, 129.4 million euro banknotes are distributed.
- 22 November** ECB Regulation is issued on the collection of data concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13).
- November** Revised Money Laundering Guidance Notes for credit institutions are issued.
- 20 December** ECB Regulation is issued on ECB statistical requirements concerning the interest rates applied by monetary financial institutions to deposits and loans *vis-à-vis* households and non-financial corporations (ECB/2001/18).
- December** Asset Covered Securities Act 2001 is enacted.
- Level of net assets under management by Irish authorised collective investment schemes reaches €285.2 billion by end-year.

Central Bank issues a revised guidance note on investment by authorised collective investment schemes in overseas schemes established in jurisdictions which allow unregulated schemes.

2002

- 1 January** Euro notes and coins are introduced. Irish pounds are exchanged at a rate of .787564.
- February** Amendments to EU Directive 85/611 regarding Undertakings for Collective Investment in Transferable Securities (UCITS) come into force by way of two separate Directives. Member States must transpose both Directives into national legislation by 13 August 2003.
- 9 February** By the end of the dual-circulation period, when the Irish pound ceases to hold legal tender status, the Central Bank has withdrawn 119.5 million Irish banknotes and 686 million Irish coins. The Central Bank will continue to exchange Irish pounds at its Dame Street premises.
- 21 February** ECB Guideline issues on the statistical reporting requirements of the ECB in the field of quarterly financial accounts.
- 26 February** A formal agreement is concluded between the Central Bank and the Central Statistics Office aimed at fulfilling the statistical standards and requirements of the ECB for balance of payments and international investment position statistics.
- 10 March** Governor O'Connell retires.
- 11 March** John Hurley, former Secretary General of Department of Finance, appointed Governor.
- 9 April** CESR publishes *A European Regime of Investor Protection – The Harmonisation of Conduct of Business Rules*.

- 13 April** Enactment of Pensions Act 2002.
- 16 April** Publication of the Central Bank and Financial Services Authority of Ireland Bill, 2000 to establish the Irish Financial Service Regulatory Authority (IFSRA) within the new structure of the Central Bank and the Financial Services Authority of Ireland (CBFSAI). The appointment of the interim Board of IFSRA is announced. The Directors are: Brian Patterson (Chairman), Liam O'Reilly (Chief Executive), Mary O'Dea (Consumer Director), Alan Ashe, Friedhelm Danz, Gerard Danaher, John Dunne, Jim Farrell, Deirdre Purcell and Dermot Quigley.
- 26 April** ECB publishes an updated version of the document entitled *The Single Monetary Policy in the Euro Area: General Documentation on Euro System Monetary Policy Instruments and Procedures* replacing version published in November 2000.
- 1 July** Regulation (EC) No. 2560/2001 of the European Parliament and of the Council of 19 December 2001 is transposed into Irish law by the European Communities (Cross Border Payments in Euro) Regulations, 2002. This legislation provides that charges to bank customers in respect of ATM withdrawals and use of bank cards should be the same for both national and cross-border transactions. From 1 July 2003, this proviso will also apply to credit transfers.
- 30 July** ECB publishes guideline on the procedures for reporting by national central banks of statistical information in the field of money and banking statistics, replacing earlier Guidelines (ECB/2000/13).
- 21 November** ECB Guideline is issued on the statistical reporting requirements of the ECB in the field of quarterly financial accounts.
- December** Following an industry consultation, the Central Bank issues a new non-UCITS Notice that will permit the authorisation

of retail funds or hedge funds.

The level of net assets under management by authorised collective investment schemes reached €303.9 billion by end-year represented by 3,300 funds including subfunds.

2003

- 23 January** Governing Council of the ECB announces measures to improve the efficiency of the operational framework for monetary policy, to be implemented during the first quarter of 2004.
- 4 February** Governing Council of the ECB formally recommends a new voting system, which will become necessary to maintain its capacity for efficient and timely decision-making in an enlarged euro area.
- 6 February** Governing Council of the ECB adopts a new Guideline on the statistical reporting requirements of statistical information in the field of money and banking statistics by central banks.
- 20 March** ECB issues a press release following the start of military action in Iraq, stating that financial markets can rely on the provision of sufficient liquidity even under exceptional circumstances, as was demonstrated in the past.
- 15 April** Coinage - €5 and €10 collector coins launched for the 2003 Special Olympics World Summer Games.
- 16 April** Twenty-five heads of state sign the EU accession treaties, formally recognising that ten new members, on top of the current fifteen, will join the EU on 1 May 2004. The countries are Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.
- 1 May** The Central Bank and Financial Services Authority of Ireland Act, 2003, is enacted which establishes two separate entities; the Central Bank and the Irish Financial Services Regulatory Authority (IFSRA). IFSRA assumes responsibility for the regulation of credit unions. It also takes on responsibility for moneylenders and bank charges

from the Director of Consumer Affairs.

11 June Central Bank issues a tender to foreign firms to mint 100 million small denomination euro coins to meet the strong demand being fuelled by people hoarding coins, stating that the Mint at Sandyford was operating at full capacity.

30 September Wim Duisenberg retires as President of the ECB.

1 November Jean-Claude Trichet is appointed as President of the ECB.

2004

15 January IFSRA sets out its three year strategy which includes a commitment to improving consumers' knowledge of financial products and services while also regulating the expanding financial-services industry through prudential supervision.

12 May After consulting with IFSRA, AIB announces that it is setting up an independent investigation following evidence of overcharging on foreign exchange transactions by the AIB.

31 May Jean Claude Trichet, President of the ECB, delivers the 1st Whitaker Lecture, *Structural Reforms and Growth, as highlighted by the Irish Case*.

21 September Central Bank publishes its first stand-alone Financial Stability Report, which analyses the systemic health of the financial system in Ireland.

2005

2 April The office of the Financial Services Ombudsman (FSO) is established, which allows individuals to seek redress and pursue complaints in relation to their dealings with financial services firms regulated by IFRSA.

1 December ECB announces increases of 0.25 per cent across each of its

three key rates, signalling the first tightening of monetary policy in five years

2006

- 31 January** Liam O'Reilly retires as Chief Executive of IFSRA.
- 1 February** Patrick Neary is appointed as Chief Executive of IFSRA.
- 31 March** An agreement is signed between IFSRA, FSO and Pensions Ombudsman outlining a procedure for handling consumer complaints against financial service providers.
- 11 May** Professor Axel A Weber, President of the Deutsche Bundesbank, delivers 2nd Whitaker Lecture, *Oil Price Shocks and Monetary Policy in the Euro Area*.
- 9 November** IFSRA publishes a new common framework for testing the fitness and probity of directors and senior managers of financial services firms.
- 16 November** Central Bank publishes *Strategic Plan 2007 – 2009*.

2007

- 1 January** Slovenia becomes the 13th member to join the Eurozone.
- 10 May** Central Bank hosts a Governing Council meeting of the ECB in Dublin.
- 1 July** The Consumer Protection Code comes into force. The Code outlines a set of rules and principles that all regulated financial services firms must follow when they give financial advice or provide financial products and services to consumers.
- 17 August** William A. Barron, Director General of the Central Bank, retires.

- 18 August** Tony Grimes is appointed Director General of the Central Bank. (Later retitled Deputy Governor (Central Banking)).
- 13 September** IFSRA launches a new personal finance website for consumers.
- 14 November** Central Bank and Financial Services Authority of Ireland publishes the Financial Stability Report 2007.
- 19 November** Eurosystem launches the single shared technical platform of TARGET2, the payment system used for settlement in real time of predominantly high-value euro payments in central bank money.
- 2008**
- 1 January** Cyprus and Malta join the Eurozone.
- 18 July** Mario Draghi, Governor of the Bank of Italy, delivers the 3rd Whitaker Lecture, *Monetary Policy, Expectations and Financial Markets*.
- 18 September** IFSRA introduces a ban on short selling to prohibit investors from making profits on falling Irish banks shares.
- 18 September** In a coordinated response to severe market upheaval central banks around the world extend billions of dollars in liquidity to the global financial markets. The US Federal Reserve makes \$180bn dollars available to financial institutions, while the ECB, Bank of England, Bank of Canada and Bank of Japan also provided extensive liquidity on a temporary basis.
- 20 September** Government increases the statutory limit for guaranteed deposits in covered banks and building societies from €20,000 to €100,000 per depositor. Several weeks later, on October 15, the European Commission proposes to increase minimum protection for all bank deposits within the EU to €100,000 to maintain the confidence of depositors.

- 30 September** Government introduces emergency legislation to guarantee the deposits and debts of six Irish owned banks and building societies, totalling €400bn, in an effort to safeguard the stability of the Irish financial system.
- 21 December** Minister for Finance announces a decision to recapitalise three domestic banking institutions. The Government is to invest €1.5bn in Anglo Irish Bank, while Bank of Ireland and Allied Irish Banks will each receive €2bn.
- 2009**
- 1 January** Slovakia joins the Eurozone.
- 9 January** Patrick Neary, Chief Executive of IFSRA announces his retirement. Mary O’Dea, Consumer Director, is appointed Acting Chief Executive.
- 15 January** The Government, after consultation with the Central Bank and Financial Services Authority of Ireland, decides to nationalise Anglo Irish Bank Corporation plc.
- 25 February** The De Larosière Group, charged with making recommendations to the European Commission on strengthening financial supervision in the EU, publishes its report.
- 11 March** Governor Hurley reappointed for second term.
- 9 April** National Asset Management Agency (NAMA) is established to take some of the distressed property and development loans off the balance sheets of the domestic banks.
- 24 June** Government announces a major overhaul of financial regulation in Ireland. The Central Bank and Financial Regulator are to be merged into a single unitary organisation overseen by the Central Bank Commission, which will be chaired by the Governor.

- 1 September** The Consumer Protection Code for Licensed Moneylenders comes into force.
- 25 September** Governor Hurley retires.
- 26 September** Patrick Honohan, Professor of International Financial Economics and Development at Trinity College Dublin, is appointed as the tenth Governor of the Central Bank.
- 20 November** European Commission approves an extension of the Government guarantee scheme for financial institutions for two years.
- 2 December** EU finance ministers agree to create three new European authorities: the European Banking Authority (EBA); the European Insurance and Occupation Pensions Authority (EIOPA); the European Securities and Markets Authority (ESMA).
- 2010**
- 4 January** Matthew Elderfield takes up the position of Chief Executive of the Financial Regulator (later retitled Deputy Governor (Financial Regulation)).
- February** Brian Halpin retires as Secretary of the Bank and Mary Sheehy is appointed.
- 30 March** IFSRA publishes the results of its review of banking capital requirements for the three years until 2012.
- 23 April** Greece becomes the first Eurozone country to request financial support. Two weeks later the EC, IMF and ECB agree on a €110bn loan package to Greece.
- 31 May** Governor Honohan publishes *The Irish Banking Crisis Regulatory and Financial Stability Policy 2003/2008: A Report to the Minister for Finance by the Governor of the Central Bank*.

- 21 June** Central Bank publishes a new strategy on Banking Supervision in Ireland which outlines the new approach to regulation for retail, wholesale and international banks in Ireland.
- 16 July** Central Bank publishes *Strategic Plan 2010 – 2012*.
- 30 September** Central Bank publishes the outcome of its review of the capital requirements of the Irish banks subject to the Prudential Capital Assessment Review exercise, in light of the estimated remaining haircuts to be applied by NAMA. The total capital required by Anglo Irish Bank will be €29.3bn. AIB is required to raise an additional €3bn. Bank of Ireland, EBS, Irish Life & Permanent and Irish Nationwide Building Society are not required to raise additional capital as part of this exercise.
- 1 October** The Central Bank Reform Act, 2010 comes into force, creating a new single unitary body – the Central Bank of Ireland - responsible for both central banking and financial regulation. The Central Bank Commission is appointed. The members are Patrick Honohan, Tony Grimes, Matthew Elderfield, Kevin Cardiff, John FitzGerald, Blanaid Clarke, Max Watson, Des Geraghty, Michael Soden, Alan Ahearne (appointed in March 2011).
- The statutory Code of Conduct on the Switching of Current Accounts with Credit Institutions comes into force.
- 8 November** Central Bank issues a *Corporate Governance Code for Credit Institutions and Insurance firms*, which sets out minimum statutory requirements on how banks and insurance companies should organise the governance of their institutions.
- 21 November** The Government requests financial support from the EU and euro area countries. EU finance ministers agree with the European Commission and the ECB that providing assistance to Ireland is warranted to safeguard financial stability in the EU and in the euro area.

- 7 December** Following Ireland's request for financial assistance from the EU, EU finance ministers agree on a joint EU-IMF financial assistance package amounting to €85bn.
- 16 December** In response to the financial crisis, the European Systemic Risk Board is established. It aims to prevent or mitigate systemic risks to financial stability in the EU that arise from developments within the financial system.
- 21 December** Central Bank publishes *Enforcement Strategy 2011/2012* setting out the key objectives of the newly established Enforcement Directorate.
- 2011**
- 1 January** The statutory Code of Conduct on Mortgage Arrears comes into effect, establishing new requirements for lenders on how they deal with borrowers in mortgage arrears, or those at risk of falling into arrears.
- Estonia become the 17th member of the Eurozone.
- Following the agreement of 2 December 2009, the EBA, EIOPA and ESMA are set up. They supervise the financial activities of banks, markets, pension funds and insurance companies, respectively.
- 1 January** Mary Sheehy retires and Neil Whoriskey is appointed Secretary of the Bank.
- 31 March** Central Bank of Ireland publishes the Financial Measures Programme (FMP) Report which details the outcome of its review of the capital and funding requirements of the domestic Irish banks.
- 29 June** Professor Cormac O'Gráda, School for Economics at University College Dublin, delivers the 4th Whitaker Lecture, *Five Crises*.
- 15 July** EBA publishes the results of the 2011 round of banking stress tests.

- 31 August** Tony Grimes retires as Deputy Governor (Central Banking).
- 1 September** Stefan Gerlach is appointed as Deputy Governor (Central Banking).

Central Bank announces new fitness and probity regime under Section 3 of the Central Bank Reform Act 2010. From 1 December 2011 existing and new staff in Pre-Approval Controlled Functions (PCFs) will be subject to the Regulations and Standards. From 1 March 2012 new appointments to less senior positions Controlled Functions (CFs) will be subject to the Regulations and Standards. From 1 December 2012 the Regulations and Standards will apply to all staff in existing CFs.
- 31 October** Jean-Claude Trichet retires as President of the ECB.
- 1 November** Mario Draghi, former Governor of the Banca d'Italia, becomes President of the ECB.
- 12 December** Central Bank unwinds the delegation of prospectus scrutiny tasks which have been carried out by the Irish Stock Exchange on behalf of the Central Bank under a delegation arrangement since 2005.
- 2012**
- 1 January** The statutory Consumer Protection Code 2012 comes into force.

The statutory Code of Conduct for Business Lending to Small and Medium Enterprises 2012 comes into force.
- 7 February** Central Bank announces a joint fellowship with Bruegel, the Brussels-based economics think-tank engaged in policy research, analysis and discussion.
- 23 March** Central Bank publishes *Client Asset Report*.

- 23 March** Central Bank publishes first *Macro Financial Review*.
- 18 May** Central Bank announces the winning team of the inaugural Generation Euro Students Award as transition year students from Marian College Dublin. The students go on to represent Ireland at the ECB in June.
- 28 June** Central Bank announces the conclusion of a review of the fitness and probity of all sitting directors of the six banks and building societies covered by the State guarantee. In respect of any directors who continue in their roles the Central Bank has no reason to suspect the fitness and probity of these individuals.
- 29 June** Euro area leaders agree to establish a new banking supervisory agency run by the ECB, in order to tackle the tensions in the financial markets and break the vicious circle between banks and sovereigns. In addition, leaders agree that the European Stability Mechanism may, following a regular decision, directly finance banks using ESM funds.
- 15 August** Central Bank issues two collector coins commemorating the 90th anniversary of the death of Michael Collins.
- 5 November** Central Bank unwinds a delegation arrangement between the Central Bank and the ISE relating to the performance of certain tasks under the Transparency (Directive 2004/109/EC) Regulations 2007 (the Transparency Regulations).
- 14 November** Central Bank signs contracts finalising the purchase of a site on North Wall Quay, Dublin 1 with the intention of relocating its headquarters there once construction work is complete.
- 20 November** Central Bank publishes *Strategic Plan 2013-2015*.
- 4 December** Council of the European Union agrees the proposal to create a “single supervisory mechanism” for the oversight of credit institutions conferring supervisory tasks on the

ECB and amending the voting rules of the EBA.

12 December

First meeting outside the Dublin area of the Central Bank Commission - held at NUI Galway.

2013

10 January

Mario Draghi, President of the ECB, unveils new design for €5 banknote featuring Europa. Rollout of the new banknote will begin on 2 May 2013.

1 February

Central Bank marks its 70th Anniversary.

Professor Harold James, Princeton University, delivers 5th Whitaker Lecture, *Faultlines in the History of European Monetary Integration*.

T +353 1 224 6278 F +353 1 671 6561 www.centralbank.ie publications@centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Bosca PO 559, Sráid an Dáma, Baile Átha Cliath 2, Éire
PO. Box No 559, Dame Street, Dublin 2, Ireland